

**IN THE MATTER OF THE BANKRUPTCY OF  
CREATIVE WEALTH MEDIA FINANCE CORP.  
OF THE CITY OF TORONTO,  
IN THE PROVINCE OF ONTARIO**

**Trustee's Preliminary Report to Creditors**

**Background:** On October 27, 2023, Creative Wealth Media Finance Corp. (“Creative Media” or the “Company”) filed a Notice of Intention to Make a Proposal (the “NOI”). As Creative Media did not file a proposal or obtain an order to extend the time for filing a proposal, the Company was deemed to have filed an assignment in bankruptcy on November 28, 2023. Rosen Goldberg Inc. has been appointed by the Office of the Superintendent of Bankruptcy as the Trustee (the “Trustee”) until the first meeting of creditors.

The following companies are not subject to insolvency proceedings:

- Creative Wealth Media Lending Inc.
- Creative Wealth Advisory Inc.
- Creative Wealth Media Lending LP 2016

Creative Media commenced operating in 2013.

Creative Media was a syndicator that arranged and provided financing for the development and production of motion pictures, films, television streaming and animated productions (the “Investments”).

Those providing funding to Creative Media are identified as Financiers who would enter into Loan Agreements or Term Sheets

In general terms, Financiers are classified into two general categories. Those that subsequently entered into Participation Agreement (“Agreement”) and those that advanced Creative Media funds as a loan

Under the Agreement, Creative Media was identified as the Lender. In most cases, the investment, which financed individual projects, were entered into with Bron Media Corp which was identified as the borrower. Bron Media Corp is insolvent and subject to CCAA proceedings.

Under the terms of the Agreement, the Financiers:

- Acquired a fractional equity interest in an Investment;
- Did not have a debtor/creditor relationship with Creative Media; and
- Did not have a guaranteed repayment from Creative Media.

In addition, Creative Media would act as trustee for the Financier in administering the terms of the agreement with the investment.

Under the Loan Agreements, the funds provided to Creative Media were loans which Creative Media used to fund various projects designated as Series B, Series D, Series E, Series F and Series H. Repayment on these loans are secured by Creative Media.

Creative Media initiated insolvency proceedings as a result of:

- (i) The filing of CCAA proceedings by Bron Media Corp (July 19, 2023);  
and
- (ii) Ongoing litigation in both Canada and the United States of America (“USA”).

#### **Section A: Assets**

Pursuant to the sworn Statement of Affairs, the Company estimates that approximately \$67,000,000 will be recovered, as follows:

- Bron CCAA \$ 7,000,000
- Various productions \$60,000,000

The \$60,000,000 is anticipated to be collected over the next 12 months from Series B, Series D, Series E, Series F and Series H projects.

Under the terms of the Loan Agreements, creditors may have been given security interest by way of general security agreements.

**Section B: Conservatory and Protective Measures**

The Trustee will be notifying the appropriate parties that funds owing to Creative Media are to be paid to the Trustee.

**Section C: Legal Proceedings**

All legal actions in Canada are stayed as a result of the insolvency proceedings.

The Trustee has retained the legal firm of Dickson Wright to act as estate solicitor. The estate solicitor will be providing a legal to:

- (i) Confirm the nature of the funds that may be collected by the estate. The issue will be to determine if the funds received are for the benefit for the general body of unsecured creditors or relate solely to investors in the Agreement; and
- (ii) Confirm the validity of the security provided under the Loan Agreements

The Trustee has also retained U.S. counsel to bring proceedings in the United States to have the bankruptcy recognized in the United States. By doing so there would be a stay of proceedings against ongoing litigation.

**Section D: Provable claims**

Based on the Statement of Affairs, the claims against this estate appear to be as follows:

	<b>Per Statement of Affairs</b>	<b>Filed to date</b>
Secured	NIL	\$15,399,596
Preferred	NIL	NIL
Unsecured	\$103,740,012	\$ 3,512,219

1. Claims in USA dollars will be converted at the rate existing at October 27, 2023 (1.3882) being the initial insolvency date.
2. Included in the mailing of the Notice of Bankruptcy was a Supplementary Mailing List ("SML"). Those listed on the SML were provided with a notice of the bankruptcy proceeding for information purposes only. After Creative filing the Notice of Intention to Make a Proposal, it was determined that those investors listed on the SML had signed the Agreement and as such do not have a debtor-creditor relationship with Creative Media. The Trustee has received claims from these investors totaling \$70,372,051 which have not been admitted by the Trustee.
3. A significant number of creditors that are subject to the Loan Agreements have filed claims as secured creditors. These creditors were reflected on the Statement of Affairs as unsecured (see Section C- Legal Proceedings).
4. Claims received from investors who have signed the Agreement and are not recognized, at this time, as creditors of Creative Media.
5. One creditor Arvind Rao Palep was incorrectly recorded as being owed \$11,070,000. The amount that should have been recorded on the Statement of Affairs was \$1,070,000. Accordingly, the total amount of unsecured creditors on the Statement of Affairs should have been \$93,740,021.

## **Section E Secured Creditors**

The validity of the claims of secured creditors will be subject to the opinion provided by the estate solicitor (see Section C- Legal Proceedings).

## **Section F Anticipated realization and projected distribution**

The Trustee cannot determine at this time the amount of any distribution to unsecured creditors.

## **Sections**

## **G & H Reviewable Transactions, Preference Payments and Other Matters**

The Trustee is in the process of conducting a preliminary review of the financial affairs

of Creative Media.

Prior to Creative Media filing the NOI, Rosen Goldberg Inc. had been consulted in regard to the Bron Media Corp CCAA proceedings.

The Trustee received a third-party guarantee in the amount of \$75,000 excluding legal fees relating to the obtaining the Recognition Order in the United States.

Dated at Toronto, Ontario, this 14<sup>th</sup> day of December, 2023.

**ROSEN GOLDBERG INC.**  
**LICENSED INSOLVENCY TRUSTEE**